

Message Text

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INFO AMEMBASSY BONN

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AMEMBASSY LUXEMBOURG

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AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

C O N F I D E N T I A L LONDON 15905

E.O. 11652: XGDS-1

TAGS: EGEN, EEC, UK

SUBJECT: EC SUMMIT PREPARATIONS - UK VIEWS

SUMMARY. THE BRITISH ARE STILL HOPING FOR PROGRESS ON THE EC BUDGET ISSUE AT THE EC SUMMIT, BUT THEY ARE UNCERTAIN ABOUT THE GERMAN POSITION, AND THE FRENCH ARE STILL STONEWALLING. FAILURE TO ACHIEVE A BREAK-THROUGH AT THE SUMMIT WILL POSE SERIOUS PROBLEMS FOR THE EC RENEGOTIATION TIMETABLE. THE BRITISH EXPECT CONCRETE DECISIONS WILL BE TAKEN AT THE SUMMIT ON A REGIONAL FUND AND CERTAIN INSTITUTIONAL QUESTIONS. THEY WILL "GENTLY RESIST" FRENCH PROPOSALS FOR DETAILED DECISIONS ON EC ENERGY POLICIES, AND THEY DOUBT THAT

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FRANCE IS PREPARED AT THIS TIME TO JOIN THE IEA.

END SUMMARY

1. ON DECEMBER 5, WE REVIEWED THE CURRENT STATUS OF EC SUMMIT PREPARATIONS WITH JOHN FRETWELL (HEAD, EUROPEAN INTEGRATION DEPARTMENT, FCO).

2. THE FRENCH, FRETWELL SAID, HAVE SUBMITTED A DRAFT "ANNOTATED AGENDA" WHICH IS, IN EFFECT, A TABLE OF CONTENTS FOR THE AD HOC GROUP'S 24-PAGE PAPER. ALTHOUGH THE EC PERMREPS ARE STILL WORKING ON THIS AGENDA, AND THE SITUATION IS STILL FLUID, FRETWELL EXPECTS THAT THE SUMMIT COMMUNIQUE WILL INCLUDE CONCRETE DECISIONS ON THE FOLLOWING: (A) ESTABLISHING AN EC REGIONAL FUND; (B) HOLDING EC SUMMITS ON A REGULAR BASIS; (C) JOINING THE EC POLITICAL COOPERATION MACHINERY MORE CLOSELY TO THE TRADITIONAL EC INSTITUTIONS; (D) ESTABLISHING A SMALL SECRETARIAT FOR THE POLITICAL COOPERATION MACHINERY.

3. WITH REGARD TO EC RENEGOTIATION, THE BRITISH ARE STILL HOPING FOR A DECISION IN PRINCIPLE ON THE EC BUDGET ISSUE. FOLLOWING THE WILSON-SCHMIDT TALKS AND THE EC COUNCIL MEETING ON DECEMBER 2-3, FRETWELL SAID THE UK IS STILL UNCERTAIN ABOUT THE GERMAN POSITION. SCHMIDT WAS FULL OF GOOD WILL, AND SEEMED TO GRASP THE UK'S PROBLEMS WITH THE BUDGET, BUT GENSCHER'S PROPOSALS TO THE COUNCIL WERE TOTALLY UNACCEPTABLE. THE UK BELIEVES THAT THE GERMANS MAY BE MOVING TOWARD A POSITION OF BEING MORE HELPFUL, BUT IT IS NOT CLEAR WHETHER THEY WILL ARRIVE THERE IN TIME FOR THE SUMMIT. THE FRENCH, FRETWELL SAID, ARE "STILL STONEWALLING." GISCARD WAS NOT HOSTILE DURING HIS MEETING WITH WILSON ON DECEMBER 3, BUT "IF HE HAS A FRIENDLY HAND TO PLAY ON THE BUDGET ISSUE, HE IS KEEPING IT WELL CONCEALED."

4. FRETWELL SAID THAT A FAILURE TO MAKE PROGRESS AT THE SUMMIT ON THE BUDGET ISSUE WOULD POSE SERIOUS PROBLEMS FOR THE TIMING OF EC RENEGOTIATION. "IF WE DON'T GET A BREAKTHROUGH, WE'RE IN TROUBLE." THE COUNCIL WOULD BE UNLIKELY TO REACH AN AGREEMENT EARLY

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NEXT YEAR IF THE HEADS OF GOVERNMENT FAIL TO DO SO NOW, AND THE BRITISH NEED SOMETHING BY FEBRUARY OR MARCH WHEN THE LEGISLATION FOR A REFERENDUM HAS TO BE INTRODUCED IN THE HOUSE OF COMMONS.

5. FRETWELL DOUBTS THAT THE SUMMIT WILL PRODUCE ANY SIGNIFICANT DECISIONS ON ENERGY. THE UK DOES NOT CONSIDER THAT FRANCE IS READY TO JOIN THE IEA. THE

FRENCH WILL PUSH FOR DETAILED DECISIONS ON A COMMUNITY
ENERGY POLICY, WHICH THE BRITISH WILL "GENTLY RESIST."
THE UK AND OTHER MEMBER STATES WILL ALSO INSIST THAT A
CONSUMER-PRODUCER CONFERENCE MUST BE PRECEDED BY
ADEQUATE PREPARATIONS.

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